

1 **Homeowners' Association Requirements**  
2025 GENERAL SESSION  
STATE OF UTAH  
**Chief Sponsor: Walt Brooks**  
Senate Sponsor: Don L. Ipson

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3 **LONG TITLE**

4 **General Description:**

5 This bill amends provisions relating to homeowners' associations.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ increases the monetary amount a unit or lot owner may request if an association fails to
- 9 properly make records available for examination;
- 10 ▶ prohibits a declarant from using association funds in a legal action brought by a
- 11 homeowner against the declarant before the end of the period of administrative control;
- 12 ▶ defines "development right";
- 13 ▶ amends the conditions for the termination of a period of administrative control for an
- 14 association of lot owners;
- 15 ▶ provides requirements for a declarant of an association of lot owners during the period of
- 16 administrative control; and
- 17 ▶ makes technical and conforming changes.

18 **Money Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 None

22 **Utah Code Sections Affected:**

23 AMENDS:

24 **57-8-17**, as last amended by Laws of Utah 2022, Chapter 439

25 **57-8-58**, as enacted by Laws of Utah 2017, Chapter 284

26 **57-8a-102**, as last amended by Laws of Utah 2024, Chapter 519

27 **57-8a-227**, as last amended by Laws of Utah 2022, Chapter 439

28 **57-8a-229**, as enacted by Laws of Utah 2017, Chapter 284

29 **57-8a-502**, as last amended by Laws of Utah 2016, Chapter 210

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31 *Be it enacted by the Legislature of the state of Utah:*

32 Section 1. Section **57-8-17** is amended to read:

33 **57-8-17 . Records -- Availability for examination.**

34 (1)(a) Subject to Subsection (1)(b) and regardless of whether the association of unit  
 35 owners is incorporated under Title 16, Chapter 6a, Utah Revised Nonprofit  
 36 Corporation Act, an association of unit owners shall keep and make available to unit  
 37 owners:

38 (i) each record identified in Subsections 16-6a-1601(1) through (5), [~~in accordance~~  
 39 ~~with]~~ in the manner described in Sections 16-6a-1601, 16-6a-1602, 16-6a-1603,  
 40 16-6a-1605, 16-6a-1606, and 16-6a-1610; and

41 (ii) a copy of the association's:

42 (A) governing documents;

43 (B) most recent approved minutes;

44 (C) most recent budget and financial statement;

45 (D) most recent reserve analysis; and

46 (E) certificate of insurance for each insurance policy the association of unit  
 47 owners holds.

48 (b) An association of unit owners may redact the following information from any  
 49 document the association of unit owners produces for inspection or copying:

50 (i) a Social Security number;

51 (ii) a bank account number; or

52 (iii) any communication subject to attorney-client privilege.

53 (2)(a) In addition to the requirements described in Subsection (1), an association of unit  
 54 owners shall:

55 (i) make documents available to unit owners in accordance with the association of  
 56 unit owners' governing documents; and

57 (ii)(A) if the association of unit owners has an active website, make the documents  
 58 described in Subsections (1)(a)(ii)(A) through (C) available to unit owners, free  
 59 of charge, through the website; or

60 (B) if the association of unit owners does not have an active website, make  
 61 physical copies of the documents described in Subsections (1)(a)(ii)(A)

62 through (C) available to unit owners during regular business hours at the  
63 association of unit owners' address registered with the Department of  
64 Commerce under Section 57-8-13.1.

65 (b) Subsection (2)(a)(ii) does not apply to an association as defined in Section 57-19-2.

66 (c) If a provision of an association of unit owners' governing documents conflicts with a  
67 provision of this section, the provision of this section governs.

68 (3) In a written request to inspect or copy documents:

69 (a) a unit owner shall include:

70 (i) the association of unit owners' name;

71 (ii) the unit owner's name;

72 (iii) the unit owner's property address;

73 (iv) the unit owner's email address;

74 (v) a description of the documents requested; and

75 (vi) any election or request described in Subsection (3)(b); and

76 (b) a unit owner may:

77 (i) elect whether to inspect or copy the documents;

78 (ii) if the unit owner elects to copy the documents, request hard copies or electronic  
79 scans of the documents; or

80 (iii) subject to Subsection (4), request that:

81 (A) the association of unit owners make the copies or electronic scans of the  
82 requested documents;

83 (B) a recognized third party duplicating service make the copies or electronic  
84 scans of the requested documents;

85 (C) the unit owner be allowed to bring any necessary imaging equipment to the  
86 place of inspection and make copies or electronic scans of the documents while  
87 inspecting the documents; or

88 (D) the association of unit owners email the requested documents to an email  
89 address provided in the request.

90 (4)(a) An association of unit owners shall comply with a request described in Subsection  
91 (3).

92 (b) If an association of unit owners produces the copies or electronic scans:

93 (i) the copies or electronic scans shall be legible and accurate; and

94 (ii) the unit owner shall pay the association of unit owners the reasonable cost of the  
95 copies or electronic scans and for time spent meeting with the unit owner, which

- 96                   may not exceed:
- 97                   (A) the actual cost that the association of unit owners paid to a recognized third
- 98                   party duplicating service to make the copies or electronic scans; or
- 99                   (B) 10 cents per page and [~~\$15~~] \$20 per hour for the employee's, manager's, or
- 100                   other agent's time making the copies or electronic scans.
- 101           (c) If a unit owner requests a recognized third party duplicating service make the copies
- 102           or electronic scans:
- 103           (i) the association of unit owners shall arrange for the delivery and pick up of the
- 104           original documents; and
- 105           (ii) the unit owner shall pay the duplicating service directly.
- 106           (d) Subject to Subsection (9), if a unit owner requests to bring imaging equipment to the
- 107           inspection, the association of unit owners shall provide the necessary space, light, and
- 108           power for the imaging equipment.
- 109   (5) If, in response to a unit owner's request to inspect or copy documents, an association of
- 110   unit owners fails to comply with a provision of this section, the association of unit
- 111   owners shall pay:
- 112   (a) the reasonable costs of inspecting and copying the requested documents;
- 113   (b) for items described in Subsections (1)(a)(ii)(A) through (C), \$25 to the unit owner
- 114   who made the request for each day the request continues unfulfilled, beginning the
- 115   sixth day after the day on which the unit owner made the request; and
- 116   (c) reasonable attorney fees and costs incurred by the unit owner in obtaining the
- 117   inspection and copies of the requested documents.
- 118   (6)(a) In addition to any remedy in the association of unit owners' governing documents
- 119   or as otherwise provided by law, a unit owner may file an action in court under this
- 120   section if:
- 121   (i) subject to Subsection (9), an association of unit owners fails to make documents
- 122   available to the unit owner in accordance with this section, the association of unit
- 123   owners' governing documents, or as otherwise provided by law; and
- 124   (ii) the association of unit owners fails to timely comply with a notice described in
- 125   Subsection (6)(d).
- 126   (b) In an action described in Subsection (6)(a):
- 127   (i) the unit owner may request:
- 128   (A) injunctive relief requiring the association of unit owners to comply with the
- 129   provisions of this section;

- 130 (B) [~~\$500~~] \$1,000 or actual damage, whichever is greater; or  
131 (C) any other relief provided by law; and  
132 (ii) the court [~~shall~~] may award costs and reasonable attorney fees to the prevailing  
133 party, including any reasonable attorney fees incurred before the action was filed  
134 that relate to the request that is the subject of the action.
- 135 (c)(i) In an action described in Subsection (6)(a), upon motion by the unit owner  
136 made in accordance with Subsection (6)(b), notice to the association of unit  
137 owners, and a hearing in which the court finds a likelihood that the association of  
138 unit owners failed to comply with a provision of this section, the court shall order  
139 the association of unit owners to immediately comply with the provision.
- 140 (ii) The court shall hold a hearing described in Subsection (6)(c)(i) within 30 days  
141 after the day on which the unit owner files the motion.
- 142 (d) At least 10 days before the day on which a unit owner files an action described in  
143 Subsection (6)(a), the unit owner shall deliver a written notice to the association of  
144 unit owners that states:
- 145 (i) the unit owner's name, address, telephone number, and email address;  
146 (ii) each requirement of this section with which the association of unit owners has  
147 failed to comply;  
148 (iii) a demand that the association of unit owners comply with each requirement with  
149 which the association of unit owners has failed to comply; and  
150 (iv) a date by which the association of unit owners shall remedy the association of  
151 unit owners' noncompliance that is at least 10 days after the day on which the unit  
152 owner delivers the notice to the association of unit owners.
- 153 (7)(a) The provisions of Section 16-6a-1604 do not apply to an association of unit  
154 owners.
- 155 (b) The provisions of this section apply regardless of any conflicting provision in Title  
156 16, Chapter 6a, Utah Revised Nonprofit Corporation Act.
- 157 (8) A unit owner's agent may, on the unit owner's behalf, exercise or assert any right that  
158 the unit owner has under this section.
- 159 (9) An association of unit owners is not liable for identifying or providing a document in  
160 error, if the association of unit owners identified or provided the erroneous document in  
161 good faith.

162 Section 2. Section **57-8-58** is amended to read:

163 **57-8-58 . Liability of declarant or management committee -- Period of declarant**

164 **control.**

- 165 (1) An association may not, after the period of declarant control, bring a legal action against  
166 a declarant, a management committee, or an employee, an independent contractor, or an  
167 agent of the declarant or the management committee related to the period of declarant  
168 control unless:
- 169 (a) the legal action is approved in advance at a meeting where owners of at least 51% in  
170 aggregate in interest of the undivided ownership of the common areas and facilities  
171 are:
- 172 (i) present; or  
173 (ii) represented by a proxy specifically assigned for the purpose of voting to approve  
174 or deny the legal action at the meeting;
- 175 (b) the legal action is approved by vote in person or by proxy of owners of the lesser of:
- 176 (i) more than 75% in aggregate in interest of the total aggregate interest of the  
177 undivided ownership of the common areas and facilities represented by those  
178 owners present at the meeting or represented by a proxy as described in  
179 Subsection (1)(a); or  
180 (ii) more than 51% in aggregate in interest of the undivided ownership of the  
181 common areas and facilities;
- 182 (c) the association provides each unit owner with the items described in Subsection (2);  
183 (d) the association establishes the trust described in Subsection (3); and  
184 (e) the association first:
- 185 (i) notifies the person subject to the proposed action of the action and the basis of the  
186 association's claim; and  
187 (ii) gives the person subject to the proposed action a reasonable opportunity to  
188 resolve the dispute that is the basis of the action.
- 189 (2) Before unit owners in an association may vote to approve an action described in  
190 Subsection (1), the association shall provide each unit owner:
- 191 (a) a written notice that the association is contemplating legal action; and  
192 (b) after the association consults with an attorney licensed to practice in the state, a  
193 written assessment of:
- 194 (i) the likelihood that the legal action will succeed;  
195 (ii) the likely amount in controversy in the legal action;  
196 (iii) the likely cost of resolving the legal action to the association's satisfaction; and  
197 (iv) the likely effect the legal action will have on a unit owner's or prospective unit

- 198 buyer's ability to obtain financing for a unit while the legal action is pending.
- 199 (3) Before the association commences a legal action described in Subsection (1), the
- 200 association shall:
- 201 (a) allocate an amount equal to 10% of the cost estimated to resolve the legal action, not
- 202 including attorney fees; and
- 203 (b) place the amount described in Subsection (3)(a) in a trust that the association may
- 204 only use to pay the costs to resolve the legal action.
- 205 (4) This section does not apply to an association that brings a legal action that has an
- 206 amount in controversy of less than \$75,000.
- 207 (5) In a legal action brought by one or more unit owners solely against the declarant before
- 208 the end of the period of declarant control, a declarant may not use any funds paid by a
- 209 unit owner to the association to pay for costs of the declarant's legal defense.

210 Section 3. Section **57-8a-102** is amended to read:

211 **57-8a-102 . Definitions.**

212 As used in this chapter:

- 213 (1)(a) "Assessment" means a charge imposed or levied:
- 214 (i) by the association;
- 215 (ii) on or against a lot or a lot owner; and
- 216 (iii) pursuant to a governing document recorded with the county recorder.
- 217 (b) "Assessment" includes:
- 218 (i) a common expense; and
- 219 (ii) an amount assessed against a lot owner under Subsection 57-8a-405(7).
- 220 (2)(a) Except as provided in Subsection (2)(b), "association" means a corporation or
- 221 other legal entity, any member of which:
- 222 (i) is an owner of a residential lot located within the jurisdiction of the association, as
- 223 described in the governing documents; and
- 224 (ii) by virtue of membership or ownership of a residential lot is obligated to pay:
- 225 (A) real property taxes;
- 226 (B) insurance premiums;
- 227 (C) maintenance costs; or
- 228 (D) for improvement of real property not owned by the member.
- 229 (b) "Association" or "homeowner association" does not include an association created
- 230 under Chapter 8, Condominium Ownership Act.
- 231 (3) "Board meeting" means a gathering of a board, whether in person or by means of

- 232 electronic communication, at which the board can take binding action.
- 233 (4) "Board of directors" or "board" means the entity, regardless of name, with primary  
234 authority to manage the affairs of the association.
- 235 (5) "Common areas" means property that the association:
- 236 (a) owns;
- 237 (b) maintains;
- 238 (c) repairs; or
- 239 (d) administers.
- 240 (6) "Common expense" means costs incurred by the association to exercise any of the  
241 powers provided for in the association's governing documents.
- 242 (7) "Declarant":
- 243 (a) means the person who executes a declaration and submits it for recording in the  
244 office of the recorder of the county in which the property described in the declaration  
245 is located; and
- 246 (b) includes the person's successor and assign.
- 247 (8) "Development right" means any right or combination of rights a declarant reserves in  
248 the declaration to:
- 249 (a) add real estate to an association;
- 250 (b) create lots, common elements, or limited common elements within an association;
- 251 (c) subdivide lots or convert lots into common elements; or
- 252 (d) withdraw real estate from an association.
- 253 [(8)] (9) "Director" means a member of the board of directors.
- 254 [(9)] (10) "Electrical corporation" means the same as that term is defined in Section 54-2-1.
- 255 [(10)] (11) "Gas corporation" means the same as that term is defined in Section 54-2-1.
- 256 [(11)] (12)(a) "Governing documents" means a written instrument by which the  
257 association may:
- 258 (i) exercise powers; or
- 259 (ii) manage, maintain, or otherwise affect the property under the jurisdiction of the  
260 association.
- 261 (b) "Governing documents" includes:
- 262 (i) articles of incorporation;
- 263 (ii) bylaws;
- 264 (iii) a plat;
- 265 (iv) a declaration of covenants, conditions, and restrictions; and



- 266 (v) rules of the association.
- 267 ~~[(12)]~~ (13) "Independent third party" means a person that:
- 268 (a) is not related to the owner of the residential lot;
- 269 (b) shares no pecuniary interests with the owner of the residential lot; and
- 270 (c) purchases the residential lot in good faith and without the intent to defraud a current
- 271 or future lienholder.
- 272 ~~[(13)]~~ (14) "Judicial foreclosure" means a foreclosure of a lot:
- 273 (a) for the nonpayment of an assessment;
- 274 (b) in the manner provided by law for the foreclosure of a mortgage on real property; and
- 275 (c) as provided in Part 3, Collection of Assessments.
- 276 ~~[(14)]~~ (15) "Lease" or "leasing" means regular, exclusive occupancy of a lot:
- 277 (a) by a person or persons other than the owner; and
- 278 (b) for which the owner receives a consideration or benefit, including a fee, service,
- 279 gratuity, or emolument.
- 280 ~~[(15)]~~ (16) "Limited common areas" means common areas described in the declaration and
- 281 allocated for the exclusive use of one or more lot owners.
- 282 ~~[(16)]~~ (17) "Lot" means:
- 283 (a) a lot, parcel, plot, or other division of land:
- 284 (i) designated for separate ownership or occupancy; and
- 285 (ii)(A) shown on a recorded subdivision plat; or
- 286 (B) the boundaries of which are described in a recorded governing document; or
- 287 (b)(i) a unit in a condominium association if the condominium association is a part of
- 288 a development; or
- 289 (ii) a unit in a real estate cooperative if the real estate cooperative is part of a
- 290 development.
- 291 ~~[(17)]~~ (18)(a) "Means of electronic communication" means an electronic system that
- 292 allows individuals to communicate orally in real time.
- 293 (b) "Means of electronic communication" includes:
- 294 (i) web conferencing;
- 295 (ii) video conferencing; and
- 296 (iii) telephone conferencing.
- 297 ~~[(18)]~~ (19) "Mixed-use project" means a project under this chapter that has both residential
- 298 and commercial lots in the project.
- 299 ~~[(19)]~~ (20) "Nonjudicial foreclosure" means the sale of a lot:

- 300 (a) for the nonpayment of an assessment;
- 301 (b) in the same manner as the sale of trust property under Sections 57-1-19 through
- 302 57-1-34; and
- 303 (c) as provided in Part 3, Collection of Assessments.
- 304 ~~[(20)]~~ (21) "Period of administrative control" means the period during which the person who
- 305 filed the association's governing documents or the person's successor in interest retains
- 306 authority to:
- 307 (a) appoint or remove members of the association's board of directors; or
- 308 (b) exercise power or authority assigned to the association under the association's
- 309 governing documents.
- 310 ~~[(21)]~~ (22) "Political sign" means any sign or document that advocates:
- 311 (a) the election or defeat of a candidate for public office; or
- 312 (b) the approval or defeat of a ballot proposition.
- 313 ~~[(22)]~~ (23) "Protected area" means the same as that term is defined in Section 77-27-21.7.
- 314 ~~[(23)]~~ (24) "Rentals" or "rental lot" means:
- 315 (a) a lot that:
- 316 (i) is not owned by an entity or trust; and
- 317 (ii) is occupied by an individual while the lot owner is not occupying the lot as the lot
- 318 owner's primary residence;
- 319 (b) an occupied lot owned by an entity or trust, regardless of who occupies the lot; or
- 320 (c) an internal accessory dwelling unit as defined in Section 10-9a-530 or 17-27a-526.
- 321 ~~[(24)]~~ (25) "Residential lot" means a lot, the use of which is limited by law, covenant, or
- 322 otherwise to primarily residential or recreational purposes.
- 323 ~~[(25)]~~ (26)(a) "Rule" means a policy, guideline, restriction, procedure, or regulation of an
- 324 association that:
- 325 (i) is not set forth in a contract, easement, article of incorporation, bylaw, or
- 326 declaration; and
- 327 (ii) governs:
- 328 (A) the conduct of persons; or
- 329 (B) the use, quality, type, design, or appearance of real property or personal
- 330 property.
- 331 (b) "Rule" does not include the internal business operating procedures of a board.
- 332 ~~[(26)]~~ (27) "Sex offender" means the same as that term is defined in Section 77-27-21.7.
- 333 ~~[(27)]~~ (28) "Solar energy system" means:

- 334 (a) a system that is used to produce electric energy from sunlight; and  
335 (b) the components of the system described in Subsection [(27)(a)] (28)(a).

336 Section 4. Section **57-8a-227** is amended to read:

337 **57-8a-227 . Records -- Availability for examination.**

338 (1)(a) Subject to Subsection (1)(b) and regardless of whether the association is  
339 incorporated under Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act, an  
340 association shall keep and make available to lot owners:

341 (i) each record identified in Subsections 16-6a-1601(1) through (5), [~~in accordance~~  
342 ~~with~~] in the manner described in Sections 16-6a-1601, 16-6a-1602, 16-6a-1603,  
343 16-6a-1605, 16-6a-1606, and 16-6a-1610; and

344 (ii) a copy of the association's:

345 (A) governing documents;

346 (B) most recent approved minutes;

347 (C) most recent budget and financial statement;

348 (D) most recent reserve analysis; and

349 (E) certificate of insurance for each insurance policy the association holds.

350 (b) An association may redact the following information from any document the  
351 association produces for inspection or copying:

352 (i) a Social Security number;

353 (ii) a bank account number; or

354 (iii) any communication subject to attorney-client privilege.

355 (2)(a) In addition to the requirements described in Subsection (1), an association shall:

356 (i) make documents available to lot owners in accordance with the association's  
357 governing documents; and

358 (ii)(A) if the association has an active website, make the documents described in  
359 Subsections (1)(a)(ii)(A) through (C) available to lot owners, free of charge,  
360 through the website; or

361 (B) if the association does not have an active website, make physical copies of the  
362 documents described in Subsections (1)(a)(ii)(A) through (C) available to lot  
363 owners during regular business hours at the association's address registered  
364 with the Department of Commerce under Section 57-8a-105.

365 (b) Subsection (2)(a)(ii) does not apply to an association as defined in Section 57-19-2.

366 (c) If a provision of an association's governing documents conflicts with a provision of  
367 this section, the provision of this section governs.

- 368 (3) In a written request to inspect or copy documents:  
369 (a) a lot owner shall include:  
370 (i) the association's name;  
371 (ii) the lot owner's name;  
372 (iii) the lot owner's property address;  
373 (iv) the lot owner's email address;  
374 (v) a description of the documents requested; and  
375 (vi) any election or request described in Subsection (3)(b); and  
376 (b) a lot owner may:  
377 (i) elect whether to inspect or copy the documents;  
378 (ii) if the lot owner elects to copy the documents, request hard copies or electronic  
379 scans of the documents; or  
380 (iii) subject to Subsection (4), request that:  
381 (A) the association make the copies or electronic scans of the requested  
382 documents;  
383 (B) a recognized third party duplicating service make the copies or electronic  
384 scans of the requested documents;  
385 (C) the lot owner be allowed to bring any necessary imaging equipment to the  
386 place of inspection and make copies or electronic scans of the documents while  
387 inspecting the documents; or  
388 (D) the association email the requested documents to an email address provided in  
389 the request.  
390 (4)(a) An association shall comply with a request described in Subsection (3).  
391 (b) If an association produces the copies or electronic scans:  
392 (i) the copies or electronic scans shall be legible and accurate; and  
393 (ii) the lot owner shall pay the association the reasonable cost of the copies or  
394 electronic scans and for time spent meeting with the lot owner, which may not  
395 exceed:  
396 (A) the actual cost that the association paid to a recognized third party duplicating  
397 service to make the copies or electronic scans; or  
398 (B) 10 cents per page and [~~\$15~~] \$20 per hour for the employee's, manager's, or  
399 other agent's time.  
400 (c) If a lot owner requests a recognized third party duplicating service make the copies  
401 or electronic scans:

- 402 (i) the association shall arrange for the delivery and pick up of the original  
403 documents; and
- 404 (ii) the lot owner shall pay the duplicating service directly.
- 405 (d) If a lot owner requests to bring imaging equipment to the inspection, the association  
406 shall provide the necessary space, light, and power for the imaging equipment.
- 407 (5) Subject to Subsection (9), if, in response to a lot owner's request to inspect or copy  
408 documents, an association fails to comply with a provision of this section, the  
409 association shall pay:
- 410 (a) the reasonable costs of inspecting and copying the requested documents;
- 411 (b) for items described in Subsections (1)(a)(ii)(A) through (C), \$25 to the lot owner  
412 who made the request for each day the request continues unfulfilled, beginning the  
413 sixth day after the day on which the lot owner made the request; and
- 414 (c) reasonable attorney fees and costs incurred by the lot owner in obtaining the  
415 inspection and copies of the requested documents.
- 416 (6)(a) In addition to any remedy in the association's governing documents or otherwise  
417 provided by law, a lot owner may file an action in court against the association under  
418 this section if:
- 419 (i) subject to Subsection (9), an association fails to make documents available to the  
420 lot owner in accordance with this section, the association's governing documents,  
421 or as otherwise provided by law; and
- 422 (ii) the association fails to timely comply with a notice described in Subsection (6)(d).
- 423 (b) In an action described in Subsection (6)(a):
- 424 (i) the lot owner may request:
- 425 (A) injunctive relief requiring the association to comply with the provisions of this  
426 section;
- 427 (B) [~~\$500~~] \$1,000 or actual damage, whichever is greater; or
- 428 (C) any other relief provided by law; and
- 429 (ii) the court [~~shall~~] may award costs and reasonable attorney fees to the prevailing  
430 party, including any reasonable attorney fees incurred before the action was filed  
431 that relate to the request that is the subject of the action.
- 432 (c)(i) In an action described in Subsection (6)(a), upon motion by the lot owner made  
433 in accordance with Subsection (6)(b), notice to the association, and a hearing in  
434 which the court finds a likelihood that the association failed to comply with a  
435 provision of this section, the court shall order the association to immediately

- 436 comply with the provision.
- 437 (ii) The court shall hold a hearing described in Subsection (6)(c)(i) within 30 days
- 438 after the day on which the lot owner files the motion.
- 439 (d) At least 10 days before the day on which a lot owner files an action described in
- 440 Subsection (6)(a), the lot owner shall deliver a written notice to the association that
- 441 states:
- 442 (i) the lot owner's name, address, telephone number, and email address;
- 443 (ii) each requirement of this section with which the association has failed to comply;
- 444 (iii) a demand that the association comply with each requirement with which the
- 445 association has failed to comply; and
- 446 (iv) a date by which the association shall remedy the association's noncompliance
- 447 that is at least 10 days after the day on which the lot owner delivers the notice to
- 448 the association.
- 449 (7)(a) The provisions of Section 16-6a-1604 do not apply to an association.
- 450 (b) The provisions of this section apply regardless of any conflicting provision in Title
- 451 16, Chapter 6a, Utah Revised Nonprofit Corporation Act.
- 452 (8) A lot owner's agent may, on the lot owner's behalf, exercise or assert any right that the
- 453 lot owner has under this section.
- 454 (9) An association is not liable for identifying or providing a document in error, if the
- 455 association identified or provided the erroneous document in good faith.
- 456 Section 5. Section **57-8a-229** is amended to read:
- 457 **57-8a-229 . Liability of declarant or board of directors -- Period of**
- 458 **administrative control.**
- 459 (1) An association may not, after the period of administrative control, bring a legal action
- 460 against a declarant, a board of directors, or an employee, an independent contractor, or
- 461 the agent of the declarant or the previous board of directors related to the period of
- 462 administrative control unless:
- 463 (a) the legal action is approved in advance at a meeting where owners of at least 51% of
- 464 the allocated voting interests of the lot owners in the association are:
- 465 (i) present; or
- 466 (ii) represented by a proxy specifically assigned for the purpose of voting to approve
- 467 or deny the legal action at the meeting;
- 468 (b) the legal action is approved by vote in person or by proxy of owners of the lesser of:
- 469 (i) more than 75% of the allocated voting interests of the lot owners present at the

- 470 meeting or represented by a proxy as described in Subsection (1)(a); or  
471 (ii) more than 51% of the allocated voting interests of the lot owners in the  
472 association;
- 473 (c) the association provides each lot owner with the items described in Subsection (2);  
474 (d) the association establishes the trust described in Subsection (3); and  
475 (e) the association first:
- 476 (i) notifies the person subject to the proposed legal action of the legal action and basis  
477 of the association's claim; and  
478 (ii) gives the person subject to the claim a reasonable opportunity to resolve the  
479 dispute that is the basis of the proposed legal action.
- 480 (2) Before lot owners in an association may vote to approve an action described in  
481 Subsection (1), the association shall provide each lot owner:
- 482 (a) a written notice that the association is contemplating legal action; and  
483 (b) after the association consults with an attorney licensed to practice in the state, a  
484 written assessment of:
- 485 (i) the likelihood that the legal action will succeed;  
486 (ii) the likely amount in controversy in the legal action;  
487 (iii) the likely cost of resolving the legal action to the association's satisfaction; and  
488 (iv) the likely effect the legal action will have on a lot owner's or prospective lot  
489 buyer's ability to obtain financing for a lot while the legal action is pending.
- 490 (3) Before the association commences a legal action described in Subsection (1), the  
491 association shall:
- 492 (a) allocate an amount equal to 10% of the cost estimated to resolve the legal action, not  
493 including attorney fees; and  
494 (b) place the amount described in Subsection (3)(a) in a trust that the association may  
495 only use to pay the costs to resolve the legal action.
- 496 (4) This section does not apply to an association that brings a legal action that has an  
497 amount in controversy of less than \$75,000.
- 498 (5) In a legal action brought by one or more lot owners solely against the declarant before  
499 the end of the period of declarant control, a declarant may not use any funds paid by a  
500 lot owner to the association to pay for costs of the declarant's legal defense.

501 Section 6. Section **57-8a-502** is amended to read:

502 **57-8a-502 . Period of administrative control.**

- 503 (1) Unless otherwise provided for in a declaration and subject to Subsection (2), a period of

504 administrative control terminates ~~[on the first to occur of the following:]~~ 60 days after the  
 505 day on which 80% of the lots that may be created in the association are conveyed to lot  
 506 owners other than a declarant.

507 ~~[(a) 60 days after 75% of the lots that may be created are conveyed to lot owners other~~  
 508 ~~than a declarant;]~~

509 ~~[(b) seven years after all declarants have ceased to offer lots for sale in the ordinary~~  
 510 ~~course of business; or]~~

511 ~~[(c) the day the declarant, after giving written notice to the lot owners, records an~~  
 512 ~~instrument voluntarily surrendering all rights to control activities of the association.]~~

513 (2) Notwithstanding Subsection (1), the period of administrative control terminates no later  
 514 than the earlier of:

515 (a) the day on which the declarant no longer owns any lot and no longer possesses any  
 516 development right; or

517 (b) seven years after the day on which a declarant has ceased to offer lots, including lots  
 518 that may be created, for sale in the ordinary course of business.

519 ~~[(2)]~~ (3)(a) A declarant may voluntarily surrender the right to appoint and remove a  
 520 member of the board before the period of administrative control terminates under  
 521 Subsection (1).

522 (b) Subject to Subsection ~~[(2)(a)]~~ (3)(a), the declarant may require, for the duration of the  
 523 period of administrative control, that actions of the association or board, as specified  
 524 in a recorded instrument executed by the declarant, be approved by the declarant  
 525 before they become effective.

526 (c) During a period of administrative control, except as provided in Subsection ~~[(2)(a)]~~  
 527 (3)(a), a declarant may appoint the declarant's officers, employees, or agents as  
 528 members of the board.

529 ~~[(3)]~~ (4)(a) Upon termination of the period of administrative control, the lot owners shall  
 530 elect a board consisting of an odd number of at least three members, a majority of  
 531 whom shall be lot owners.

532 (b) Unless the declaration provides for the election of officers by the lot owners, the  
 533 board shall elect officers of the association.

534 (c) The board members and officers shall take office upon election or appointment.

535 (5) During the period of administrative control, the declarant shall:

536 (a) use reasonable care and prudence in managing and maintaining the common areas;

537 (b) establish a sound fiscal basis for the association by imposing and collecting



- 538           assessments and establishing reserves for the maintenance and replacement of
- 539           common areas;
- 540           (c) for a service that the association is or will be obligated to provide, disclose to the lot
- 541           owners the amount of money the declarant provides for or subsidizes for that service;
- 542           (d) maintain records and account for the financial affairs of the association from the
- 543           association's inception;
- 544           (e) comply with and enforce the terms of the declaration, including design controls,
- 545           land-use restrictions, and the payment of assessments; and
- 546           (f) disclose to the lot owners all material facts and circumstances affecting:
- 547            (i) the condition of the property that the association is responsible for maintaining;
- 548            and
- 549            (ii) the financial condition of the association, including the interest of the declarant
- 550            and the declarant's affiliates in any contract, lease, or other agreement entered into
- 551            by the association.

552           Section 7. **Effective Date.**

553           This bill takes effect on May 7, 2025.